

RENTAL TAX
Irrevocable Letter of Credit

RT428 (10/03)

We _____
(Financial Institution)

being authorized to conduct business in the Commonwealth of Virginia hereby establish our Irrevocable Letter of Credit (number _____) in favor of the Commonwealth of Virginia, Department of Motor Vehicles, and agree to pay to you any Rental Tax liabilities up to an aggregated amount of _____ Dollars (\$_____)

hereafter found by you to be due from _____
(Principal – Legal Entity)

under Title 58.1 of Chapter 24 of the Code of Virginia and the authority of Chapter 58.1-2412, as the same may be from time to time amended, modified, recodified or otherwise rewritten, to the payment of which, well and truly to be made, we bind ourselves, our heirs, administrators, successors and assigns firmly by these presents to be effective as to payments of taxes, penalties, and interest levied against said principal when such principal fails to pay any rental tax or civil penalties or interest which are levied or imposed on or after the _____ day of _____, _____, hereafter referred to as the effective date.
(year)

Said payment shall be made upon written demand accompanied by a copy of the official notice of assessment or other document upon which the principal's obligation to pay rental tax is based. We engage with you that any demand or presentment made under and in compliance with the terms of this letter of credit shall be duly honored by us, as specified, covering acts of omissions occurring on or after the above stated effective date and on or before the _____ day of _____, _____, hereinafter referred to as the expiration date, or any extended expiration date of this Irrevocable Letter of Credit as set forth below.
(year)

It is a condition of this Irrevocable Letter of Credit that it shall be deemed automatically extended annually without amendment, with approval of the Commissioner of the Department of Motor Vehicles for an additional period of one year from the above or any extended expiration date unless we shall notify the Commissioner by registered mail postmarked sixty (60) days prior to such expiration date or from any future expiration dates that we elect not to renew this Irrevocable Letter of Credit for such additional period. Such annual election shall not relieve, release, or discharge us from any obligation under this Irrevocable Letter of Credit for any tax, penalty, or interest owed by the Principal on or after the effective date and prior to or on the expiration date or any extended expiration date, and with respect to any such tax, penalty, or interest, this Irrevocable Letter of Credit shall remain in effect. If for any reason this Irrevocable Letter of Credit is not renewed, the Virginia Department of Motor Vehicles will have the right to draw from the Irrevocable Letter of Credit prior to its expiration date any outstanding balance which pertains to the Principal's rental tax liability.

We shall be released from this Irrevocable Letter of Credit three (3) years after the expiration date or extended expiration date or non-renewal date, hereinafter referred to as the release date, or after a final audit of the Principal's records have been cleared, whichever occurs first.

We hereby engage with the drawer of drafts drawn under and in compliance with the terms of this letter of credit that such drafts will be duly honored upon presentation of drafts and documents to us on or before the release date of the Irrevocable Letter of Credit.

We shall accept demand by you in compliance with the terms of this Irrevocable Letter of Credit on its face, and we shall have no duty, responsibility, or liability to Principal with respect to the underlying validity of said demand.

This _____ day of _____, _____
(year)

(Name of Financial Institution) (Seal)

By: _____
(Signature of Institution's Officer)(Title)

(Print Name)

Attest:

(Signature)(Title)

(Print Name)

Affidavit and Acknowledgement of Authority

I, _____, a notary public in and for the state of _____, do certify that _____ personally appeared before me and made oath that he is _____ of _____; and that he is duly authorized to execute the foregoing Irrevocable Letter of Credit as legally binding document.

(Title)

Given under my hand this _____ day of _____, _____
(year)

Notary Public

My commission expires _____, _____
(year)